

Message Text

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ACTION EB-08

INFO OCT-01 AF-10 ISO-00 SP-02 USIA-15 AID-05 NSC-05

SS-15 STR-04 OMB-01 CEA-01 L-03 H-02 CIAE-00

COME-00 FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06

LAB-04 SIL-01 PA-02 PRS-01 IO-13 EUR-12 AGRE-00

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-----221106Z 063661 /10

R 211636Z APR 77

FM AMEMBASSY ABIDJAN

TO DEPT OF TREASURY WASHDC

INFO SECSTATE WASHDC 3081

AMEMBASSY OUAGADOUGOU

UNCLAS SECTION 1 OF 2 ABIDJAN 4026

DEPT PASS NAC AGENCIES

E.O. 11652: N/A

TAGS: AFDB, AFDF, EFIN, EAID

SUBJECT: PROPOSED AFDF LOAN TO FINANCE UPPER

VOLTA INTEGRATED RURAL DEVELOPMENT

PROJECT

1. SUMMARY: AFDF MANAGEMENT PROPOSES 5 MILLION FUND UNIT OF ACCOUNT (FUA EQUAL TO US \$1.11) LOAN TO GOVERNMENT OF UPPER VOLTA TO FINANCE A PORTION OF WEST VOLTA AGRICULTURAL DEVELOPMENT PROJECT. OTAL COST OF PROJECT EQUAL TO 15.5 MILLION FUA TO BE JOINT FINANCED BY I.D.A., SWITZERLAND, AND GOVERNMENT OF UPPER VOLTA.

2. AFDF DOC BD/77/28 AND ATTACHMENTS DESCRIBING LOAN POUCHED TO ADDRESSEES APRIL 21. BOARD CONSIDERAION SCHEDULED FOR APRIL 29.

3. AFDF MANAGEMENT PROPOSES 5 MILLION FUA LOAN TO GOVT OF UPPER VOLTA. LOAN WOULD FINANCE 31 PERCENT OF TOTAL PROJECT
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COST WHICH IS EUAL TO 15.5 MILLION FUA NET OF TAXES, OF WHICH 8.46 MILLION IS FOR LOCAL COST FINANCING. PROJECT CONSISTS OF A) TECHNICAL ASSISTANCE FOR NEWLY ESTABLISHED MINISTRY OF RURAL DEVELOPMENT (MRB); B) TECHNICAL ASSISANCE FOR TWO OF THE COUNTRY'S ELEVEN REGIONAL DEVELOPMENT OFFICES; C) CONSTRUCTION OF 22 THOUSAND TON COTTON GIN; AND D) PROVISION OF SEED, FERTILIZER AND PESTICIDES TO INDIVIDUAL FARMERS.

AFDF SPONSORED PORTION OF OVERALL PROJECT INCLUDES A) CONSTRUCTION OF GIN (2.62 MILLION FUA); B) TRAINING AND TECHNICAL ASSISTANCE FOR BOBO-DIOULASSO RDO (2.42 MILLION FUA); C) PROVIDING VEHICLES TO DEDOUGOU RDO FOR USE IN AGRICULTURAL EXTENSION PROGRAM AND MEETING VEHICLE OPERATING EXPENSES FOR MRD FEEDER-ROAD MAINTENANCE PROGRAM (162 THOUSAND FUA). FOREX PORTION OF AFDF PARTICIPATION EQUAL TO 2.37 MILLION FUA WITH REMAINING 2.63 MILLION FUA BEING USED TO MEET LOCAL COSTS. IDA TO PROVIDE EQUIVALENT OF 5.85 MILLION FUA OF WHICH 2.28 MILLION FUA TO MEET LOCAL COSTS. SWISS GOVT TO PROVIDE 3.27 MILLION FUA OF WHICH 1.11 MILLION FUA TO MEET LOCAL COSTS. GOUV TO PROVIDE 1.44 MILLION FUA TO MEET REMAINDER OF LOCAL COSTS. COST OVERRUNS ON AFDF SPONSORED PORTIONS OF PROJECT TO BE MET BY GOUV. COST ESTIMATES INCLUDE 28 PERCENT ALLOWANCE FOR PHYSICAL CONTINGENCIES. PROPOSED TERMS OF AFDF LOAN ARE 50 YEARS AMORTIZATION INCLUDING TEN YEARS GRACE, 0.75 PERCENT SERVICE CHARGE. OUV TO BE BORROWER. RDO'S OF BOBO-DIOULASSO AND DEDOUGOU TO BE EXECUTING AGENCIES.

4. IN 1970, IDA GRANTED A LOAN TO THE GOUV TO FINANCE THE WEST VOLTA COTTON PROJECT. THE PROJECT INCLUDED EQUIPPING AND STAFFING THE MANAGEMENT AND EXTENSION SERVICES OF BOBO-DIOULASSO AND DEDOUGOU RDO'S AS WELL AS ESTABLISHING AN ADMINISTRATIVE BODY TO DEVELOP A FEEDER ROAD NETWORK TO FACILITATE EVACUATION OF AGRICULTURAL PRODUCTS. IN ADDITION, THE PROJECT SPONSORED CONSTRUCTION OF A GIN TO HANDLE THE INCREASED COTTON PRODUCTION RESULTING FROM THE PROJECT. AS THE IDA PROJECT RAN ONLY THROUGH 1976, THE GOUV DECIDED UNCLASSIFIED

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THAT A FOLLOW-UP PROJECT WAS NECESSARY TO KEEP THE INSTITUTIONS AND INFRASTRUCTURE UNDER THE INITIAL PROJECT OPERATIONAL. THE PROPOSED PROJECT IS A CONTINUATION OF THE WEST VOLTA COTTON PROJECT, HOWEVER THE NEW PROJECT DESIGN TAKES A MORE INTEGRATED APPROACH IN ENCOURAGING THE EXPANSION OF COTTON CULTIVATION AND THE USE OF IMPROVED FARMING TECHNIQUES FOR COTTON AND FOOD CROPS PRODUCTION. IN ORDER TO ALLOW FOR TRANSITION BETWEEN THE WEST VOLTA COTTON PROJECT AND THE PROPOSED PROJECT, IDA APPROVED A US \$400 THOUSAND LOAN AVAILABLE AS OF JAN 1977.

5. RESPONSIBILITY FOR NATIONAL DEVELOPMENT PLANNING IS SHARED BY A NUMBER OF AGENCIES WHICH HAVE BEEN DESIGNATED BENEFICIARIES OF THE TWO LOANS. THE MINISTRY OF NATIONAL PLANNING IS RESPONSIBLE FOR OVERALL DEVELOPMENT, WHILE THE MINISTRY OF RURAL DEVELOPMENT HAS BEEN GIVEN RESPONSIBILITY FOR DETAILED AGRICULTURAL DEVELOPMENT PROGRAMS. EXECUTION OF THE PROGRAMS IS ENTRUSTED TO ELEVEN AUTONOMOUS REGIONAL DEVELOPMENT OFFICES WHICH TOGETHER COVER THE ENTIRE COUNTRY.

THE RDO'S RESPONSIBILITIES INCLUDE A WIDE RANGE OF ACTIVITIES SUCH AS EXTENSION SERVICES TO FARMERS AND HERDSMEN, EXECUTION OF SOME RURAL INFRASTRUCTURE, COMMUNITY DEVELOPMENT, AND ECONOMIC ANALYSIS AND PLANNING. RDO'S ARE FURTHER BROKEN DOWN TO COVER SMALLER GEOGRAPHICAL SECTORS WHICH IN TURN HAVE SUB-SECTORS COORDINATING THE ACTIVITIES OF A NUMBER OF FIELD EXTENSION AGENTS. EACH EXTENSION AGENT PERFORMS ACTIVITIES IN THREE TO EIGHT VILLAGES OF 80 TO 100 FARM FAMILIES. A TOTAL OF 232 EXTENSION AGENTS CURRENTLY OPERATE IN THE TWO RDO'S WITHIN THE SCOPE OF THE PROPOSED PROJECT. (BOBO-DIOULASSO, 101, AND DEDOUGOU, 131.) THE RDO'S RELY PRINCIPALLY ON CENTRALIZED GOVERNMENT SERVICES FOR CERTAIN ACTIVITIES SUCH AS FEEDER ROAD CONSTRUCTION AND MAINTENANCE, CONSTRUCTION OF WELLS AND BUILDINGS, AND AGRICULTURAL RESEARCH.

6. THE PROJECT AREA OF BOBO-DIOULASSO AND DEDOUGOU ACCOUNTS FOR 20 PERCENT OF THE COUNTRY'S TOTAL LAND AREA. POPULATION UNCLASSIFIED

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IS ESTIMATED AT 1 MILLION OF WHICH 880 THOUSAND ARE IN RURAL AREAS. SOILS IN THE AREA ARE GENERALLY SUITED FOR CEREALS AND COTTON.

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ACTION EB-08

INFO OCT-01 AF-10 ISO-00 IO-13 SP-02 USIA-15 AID-05
NSC-05 SS-15 STR-04 OMB-01 CEA-01 L-03 H-02
CIAE-00 COME-00 FRB-01 INR-07 NSAE-00 XMB-04
OPIC-06 LAB-04 SIL-01 PA-02 PRS-01 EUR-12 AGRE-00
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R 211636Z APR 77
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7. THE PROJECT'S KEY COMPONENTS INCLUDE STRENGTHENING THE ADMINISTRATIVE AND TECHNICAL CAPABILITIES OF THE VARIOUS AGENCIES THROUGH TRAINING PROGRAMS AND PROVISION OF TECHNICAL EXPERTISE. COMPONENTS INCLUDE: A) EXPATRIATE TECHNICAL EXPERTS ASSIGNED TO WORK IN MRD; B) ORGANIZATION AND STAFFING A FINANCIAL AND ADMINISTRATIVE UNIT TO ASSIST THE TWO RDO'S IN PREPARATION OF BUDGETS, REQUISITIONS FOR AGRICULTURAL SUPPLIES, AND FINANCING AND DISBURSEMENT REQUESTS (THE RDO'S ARE CURRENTLY UNABLE TO COPE WITH THESE TASKS.); C) PROVIDING EACH RDO DIRECTOR WITH FULL TIME EXPERIENCED TECHNICAL EXPERT TO ACT AS ASSISTANT IN EXECUTING RESPONSIBILITIES; D) ESTABLISHMENT AND STAFFING OF AGRICULTURAL EXTENSION SERVICE DEPARTMENT WITHIN EACH RDO TO UPGRADE LEVEL OF SERVICES PROVIDED TO INDIVIDUAL FARMER; E) A TRAINING PROGRAM FOR FIELD EXTENSION AGENTS; F) TRAINING CENTER WILL BE CONSTRUCTED CAPABLE OF PROCESSING 400 TRAINEES ANNUALLY. CLASSES WOULD RANGE FROM THREE DAYS TO TWO WEEKS. TEACHING STAFF PROVIDED UNDER PROJECT) G) IMPROVED SEED DISTRIBUTION SYSTEM; H) CONSTRUCTION OF 22 THOUSAND TON GIN TO HANDLE UNCLASSIFIED

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INCREMENTAL COTTON PRODUCTION RESULTING FROM PROJECT, (PROJECT AREA COTTON IS GINNED IN TWO PLANTS WITH COMBINED CAPACITY OF 34 THOUSAND TONS. A THIRD PLANT WILL SOON RAISE AREA GINNING CAPACITY TO 56 THOUSAND TONS. SINCE AREA COTTON PRODUCTION IS APPROACHING THOSE LEVELS, IT IS EXPECTED THAT THE NEW PLANT WILL BE REQUIRED IN 1978) H) IRRIGATION OF LAND AREA TOTALLING 1,120 HA TO ALLOW PRODUCTION OF RICE, MAIZE, AND VEGETABLES AS CASH CROPS (AN IRRIGATION ENGINEER WILL ALSO BE PROVIDED TO SUPERVISE EXECUTION AND PROVIDE TRAINING OF LOCAL STAFF) SURVEY OF PROJECT AREA TO IDENTIFY ADDITIONAL AGRICULTURAL SETTLEMENT AREA (SURVEY INCLUDES AERIAL PHOTOGRAPHY OF APPROX 50 THOUSAND SQ KM AND TOPOGRAPHICAL, SOIL, HYDROLOGICAL, AND POPULATION STUDIES. THIRTY MAN-MONTHS OF CONSULTANT SERVICES INCLUDED) I) PROGRAM TO IMPROVE SITUATION OF WOMEN INVOLVING INTRODUCTION OF HOME AND FARM LABOR SAVING DEVICES, BASIC INSTRUCTION IN NUTRITION AND SANITATION, AND A FUNCTIONAL LITERACY PROGRAM THROUGH USE OF AUDIO-VISUAL DEVICES.

8. IT IS ESTIMATED THAT THE AREA'S INCREMENTAL PRODUCTION RESULTING FROM THE PROJECT WILL AMOUNT TO 26 THOUSAND TONS COTTON, 39 THOUSAND TONS CEREALS, 2,000 TONS RICE, AND 1,200 TONS VEGETABLES ON AN ANNUAL BASIS. IT IS ESTIMATED THAT 46,500 FARM FAMILIES WILL BENEFIT IN THE FORM OF INCREASED INCOME. REVENUES FROM INCREASED EXPORTS ESTIMATED TO EQUAL 5.9 MILLION FUA ANNUALLY FROM PROJECT START. ECONOMIC RATE OF RETURN ESTIMATED AT 34 PERCENT OVER 14 YEARS. CROP

DECREASES OR COST INCREASES OF 15 PERCENT WOULD LOWER RATE
OF RETURN TO 28 PERCENT AND 27 PERCENT RESPECTIVELY. CROP
DECREASE OF 10 PERCENT COMBINED WITH 10 PERCENT COST INCREASE
WOULD LOWER RATE TO 24 PERCENT. MAJOR FORSEEABLE RISK
INVOLVED IN PROJECT DEVELOPMENT STEMS FROM NOTORIOUSLY
VARIABLE RAINFALL IN PROJECT AREA. STEARNS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
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Executive Order: N/A
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Original Handling Restrictions: n/a
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Previous Handling Restrictions: n/a
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Review Content Flags:
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Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2743146
Secure: OPEN
Status: NATIVE
Subject: PROPOSED AFDF LOAN TO FINANCE UPPER VOLTA INTEGRATED RURAL DEVELOPMENT PROJECT
TAGS: EFIN, EAID, AFDB, AFDF
To: TRSY
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/befeb0a1-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009